

**AGENDA ITEM:** CLSA Interlibrary Loan, Universal Borrowing, Equal Access Programs**GENERAL OVERALL PROGRAM UPDATES:**

**CURRENT STATUS:** CLSA reimbursed loan services continue throughout the state with 177 public libraries participating. The 2002/03 rates, as adopted by the Board and approved by the State Department of Finance are as follows:

\$4.49 per eligible Interlibrary Loan  
\$ .78 per net imbalance Direct Loan

The Governor's proposed budget for 2003/04, as introduced in January, is identical to the current year appropriation. Staff is currently working on the CLSA ILL and Direct Loan cost surveys with the final report and recommendations on 2003/04 reimbursement rates schedule for Board consideration at the May 2003 Board meeting in Sacramento.

In August 2002 the State Board took action to implement the pro rating requirement and decided to withhold 35% of each valid claim throughout the course of the fiscal year, paying the remainder due, or a pro rated portion of the remainder due, after the close of the fiscal year.

The following table presents actual 1<sup>st</sup> and 2<sup>nd</sup> quarter Interlibrary Loan and 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarter Direct Loan activity and projections for the remainder of the fiscal year.

	1 <sup>st</sup> Quarter <u>Actual</u>	2 <sup>nd</sup> Quarter <u>Actual</u>	3 <sup>rd</sup> Quarter <u>Projected</u>	4 <sup>th</sup> Quarter <u>Projected</u>	2002/03 <u>Total</u>
ILL Reimbursable					
Transactions – Public	374,682	355,688	415,828	389,364	1,535,562
– Non-Public	11,369	11,953	14,078	13,723	51,123
Direct Loans:			Actual		
Total	7,306,143	7,221,728	7,482,267	7,727,862	29,738,000
Direct Loans:			Actual		
Net Imbalance	2,887,465	2,834,506	2,831,705	3,063,324	11,617,000

ILL and Direct Loan transaction levels are comparable to the previous year's claims. Eighty nonpublic libraries reported interlibrary loan transactions to public libraries in the first two quarters of 2002/03 for a total of 23,322 loans.

Based on current projections of transactions for the 2002/03 fiscal year and the reimbursement rates of \$4.49 for ILL and \$.78 for Direct Loan, the full State cost of the CLSA loan program is estimated to be as follows:

Eligible Public Library Interlibrary Loans	1,535,562	x \$4.49 =	\$ 6,894,673.38
Eligible Nonpublic Library Interlibrary Loans	51,123	x \$4.49 =	\$ 29,542.27
Net Imbalance Direct Loans	11,617,000	x \$ .78 =	\$ 9,061,260.00
Estimated Total Program Cost		=	\$16,185,475.65
2002/03 Budget (pending DOF adjustment)		=	\$11,848,000.00
<i>ILL and Direct Loan Program Shortfall</i>		=	\$ 4,337,475.65

If projected transaction levels are actually realized the 2002/03 CLSA ILL and Direct Loan program appropriation would reimburse all participants at an estimated 73.2% of the total program cost.

### **Handling/Delivery Cost Study:**

Staff issued a Request For Proposal (RFP) to determine the handling and delivery costs of interlibrary loans and the handling costs of direct loans among member institutions of the Library of California. In October 2002, the project was awarded to F. Mason and Associates from Texas. On January 22, 2003, staff met with Florence Mason and Ken Bierman to discuss Phase I of the cost study. A Reactor Group, made up of approximately 30 individuals from the library community, will have input on the deliverables list in Phase I, below. The timeline for the draft data collection methodology was extended to the third week of April 2003. The Board will have the opportunity to review and comment on the methodology at its May 2003 meeting. At the end of each phase, a review will occur to determine if the work of that phase has been satisfactorily completed and that continuation of the project will occur with the same consultant team.

The four phases to the project are:

**Phase I:** Design the cost study to determine handling and delivery costs of interlibrary loan and handling costs of direct loan.

Deliverable Products: Bibliography and archive  
Outline of final report  
Questions to be addressed in collecting data  
Data collection methodology

**Phase II:** Implement the cost study and report findings

Deliverable Products: Draft report of cost study results  
Final report of cost study results

**Phase III:**      Develop loan compensation policy recommendations

Deliverable Products:      First draft report of policy options  
   Second draft report of policy options  
   Final report of policy options  
   Presentation to the Library of California Board

**Phase IV:**      Calculation of compensation formula

Deliverable Product:      Formula for reimbursement for handling and delivery costs of  
interlibrary loan and handling costs of direct loan, to be used in  
subsequent rulemaking.

**RELATED ISSUES TO COME BEFORE THE BOARD IN THE FUTURE:**

1.    Updates on actual and estimated 2002/03 transaction levels and program costs.
2.    Update on cost study implementation.

Relevant Committee: Access Services  
Staff Liaison: Sandy Habbestad

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